Council Communication

Department: Community Development CASE # OTB-20-015 Applicant: Neal Drickey 2023 S 181 Circle Omaha, NE 68130	Resolution of Intent No. _____ Resolution to Dispose No. _____	Public Hearing: 10-12-2020

Subject/Title

Resolution to dispose of City property legally described as Lot 2, Arbor Creek Subdivision, City of Council Bluffs, Pottawattamie County, Iowa to Neal Drickey. The property is generally located at the Northwest corner of College Road and Railroad Avenue.

Background/Discussion

In July, City Council directed Community Development staff to release a Request for Proposals (RFP) for the property generally located at the corner of College Road and Railroad Highway as an alternative plan to the offer to buy submitted by the Midlands Humane Society (MHS) (OTB-20-010).

The City received one response to the RFP published. Neal Drickey and his development team submitted a proposal for two alternatives with 34 and 36 housing units respectively. Both options are projected to increase the taxable value to over $7 million. Each option will have a combination of attached single family row houses and single family units with the row houses marketed to households at or below 80% of the median family income. Estimated sales prices range from $160,000 for the row houses to $245,000 for the detached single family units. The total project cost is approximately $7.4 to $7.6 million.

Drickey is requesting the City create an Urban Renewal Plan and Area and a tax increment financing (TIF) district for the parcel. The request for TIF is 50% of the eligible tax for ten (10) years. This totals approximately $1.6 million, which would pay for the cost of infrastructure. A change of zone to R-2 and a Planned Residential Overlay would also be required.

As stated in the MHS offer, the property is classified as “transitional preserve” and “buildable”. The Information Technology Department indicated that there is City Fiber infrastructure underneath the trail that runs along Railroad Avenue. The Public Works Department confirmed that over $2 million in infrastructure improvements and site work on and around the subject property has been completed with the goal of promoting future development and generating property tax. The Community Development Department acknowledges that the site’s proximity to two public streets, access to infrastructure (e.g. water, sewer, gas, electricity), location on an existing bus route, location within walking distance from a school, walking distance to commercial uses, and being adjacent to a bike path makes it well suited for a variety of residential development types.

*****Amended Proposals *****

The applicant has submitted amended proposals for a 35-unit (16 townhomes/19 single-family) development, and a 26-unit (12 townhomes/14 single-family) development for Council consideration. Both proposals include the applicant paying $200,000.00 for the property and receiving tax increment financing. With these submittals, City Council now has three options to consider for selling the property, as summarized below:

- Option 1: Midlands Humane Society’s offer to purchase the property for $188,745.00. Approval of this request allows Midlands to expand their operation in the future and will generate $0 tax dollars.

- Option 2: Neal Drickey's offer to purchase the property for $200,000.00 and build 35 residential dwellings units, which includes 16 townhomes for workforce housing, and 19 single-family detached dwellings. Total estimated taxable valuation for the entire development is $7,284,984. The townhomes will be sold for $159,999.00, and the other 19 single-family homes will be sold at market rate in the range of $210,000.00 - $265,000.00. Total site infrastructure construction and land costs are $1,040,467. Average construction costs per lot are $29,727.00 and the developer is requesting $1,894,395.81 in TIF assistance (48% over 12 years) with a maximum cap of $2,099,452.25 to off-set inflation costs. The layout of this subdivision includes one access point onto Railroad Highway, two access points onto College Road, and a "stub road" to the north that could be used to access Midlands Humane Society or facilitate development of properties to the north.

- Option 3: Neal Drickey's offer to purchase the property for $200,000.00 and build 26 residential dwellings units, which includes 12 townhomes for workforce housing, and 14 single-family detached dwellings. Total estimated taxable valuation for the entire development is $5,069,988. The townhomes will be sold for $159,999.00, and the other 19 single-family homes will be sold at market rate in the range of $210,000.00 - $265,000.00. Total site infrastructure construction and land costs are $830,133. Average construction costs per lot are $31,928.00, and the developer is requesting $1,609,321.44 in TIF assistance (58.5% over 12 years) with a maximum cap of $1,783,520.38 to off-set inflation costs. The layout of this subdivision proposal includes one access point onto Railroad Highway and College Road, along with a large acreage remnant parcel for future development or to sell to Midlands Humane Society.

After reviewing all three proposals the Community Development Department prefers Option #2 as it maximizes the subject property's development potential, consists of 34 new residential dwellings that provide housing for a mixture of incomes in the community, provides a greater return to the City's tax base, and is designed in a manner that allows for access to the Midlands Humane Society and potentially to properties to the north.

Recommendation

The Community Development Department recommends the disposal of the property legally Lot 2, Arbor Creek Subdivision, City of Council Bluffs, Pottawattamie County, Iowa to Neal Drickey for the purchase price of $200,000.

Attachment A: Location map
Attachment B: Drickey Development Proposal

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